

VILLAGE OF BEAR LAKE

Manistee County, Michigan

51-3010

**FINANCIAL STATEMENTS
FEBRUARY 29, 2004**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Bear Lake		County Manistee
Audit Date 2/29/04	Opinion Date 6/11/04	Date Accountant Report Submitted to State: 9/30/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

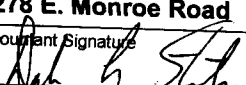
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Dale L. Stanton, CPA			
Street Address 3278 E. Monroe Road		City Midland	State MI
Accountant Signature 		ZIP 48642	Date 9/30/04

VILLAGE OF BEAR LAKE

VILLAGE COUNCIL

Glen Moore
President

Carol Urbanus
Council Member

Vern Best
Council Member

Jeff Harthun
Council Member

Don Hyrns
Council Member

Ricke Guerne
Council Member

Ron Ronning
Council Member

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Dale L. Stanton
Certified Public Accountant

To the Village Council
Village of Bear Lake
Bear Lake, Michigan

I have audited the accompanying general purpose financial statements of the Village of Bear Lake, as of February 29, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Bear Lake's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Bear Lake as of February 29, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Bear Lake. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material aspects in relation to the general purpose financial statements taken as a whole.



Dale L. Stanton
Certified Public Accountant

June 11, 2004

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Midland, MI 48642



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Village of Bear Lake
Manistee County, Michigan

Combined Balance Sheet - All Fund Types and Account Groups

February 29, 2004

	Governmental Fund Types		Propriety Fund Type
	General	Special Revenue	Enterprise
Assets			
Cash in Bank and Investments	\$ 37,619.63	\$ 144,173.55	\$ 58,912.42
Taxes Receivable	5,521.03	-	-
Accounts Receivable	-	-	950.00
Due from Other Funds	12,314.93	4,968.84	-
Due from Other Governmental Units	10,432.79	13,182.72	-
Prepaid Expenses	2,548.41	-	-
Land and Land Improvements	-	-	-
Buildings	-	-	-
Equipment	-	-	-
Water System	-	-	-
Accumulated Depreciation	-	-	398,768.12
			(125,177.00)
Total Assets	<u>\$ 68,436.79</u>	<u>\$ 162,325.11</u>	<u>\$ 333,453.54</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 2,475.24	\$ -	\$ 48.00
Due to Other Funds	-	16,684.79	598.98
Payroll Liabilities Payable	893.68	-	-
Accrued Wages	3,005.50	-	700.00
Deferred Revenue	447.89	-	2,640.00
Total Liabilities	<u>6,822.31</u>	<u>16,684.79</u>	<u>3,986.98</u>
Fund Equity:			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	178,399.00
Retained Earnings - Unreserved	-	-	151,067.56
Fund Balances:			
Unreserved:			
Undesignated	<u>61,614.48</u>	<u>145,640.32</u>	<u>-</u>
Total Fund Equity	<u>61,614.48</u>	<u>145,640.32</u>	<u>329,466.56</u>
Total Liabilities and Fund Equity	<u>\$ 68,436.79</u>	<u>\$ 162,325.11</u>	<u>\$ 333,453.54</u>

The accompanying notes are an integral part of this financial statement.

<u>Account Group</u> <u>General</u> <u>Fixed Assets</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
\$ -	\$ 240,705.60
-	5,521.03
-	950.00
-	17,283.77
-	23,615.51
-	2,548.41
149,765.76	149,765.76
229,435.87	229,435.87
209,236.49	209,236.49
-	398,768.12
-	(125,177.00)
<u>\$ 588,438.12</u>	<u>\$ 1,152,653.56</u>
\$ -	\$ 2,523.24
-	17,283.77
-	893.68
-	3,705.50
-	3,087.89
<u>-</u>	<u>27,494.08</u>
588,438.12	588,438.12
-	178,399.00
-	151,067.56
<u>-</u>	<u>207,254.80</u>
<u>588,438.12</u>	<u>1,125,159.48</u>
<u>\$ 588,438.12</u>	<u>\$ 1,152,653.56</u>

Village of Bear Lake
Manistee County, Michigan

Combined Statement of Revenues, Expenditures, and Changes
In Fund Balance - All Governmental Fund Types
For the Year Ended February 29, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property Taxes	\$ 49,934.27	\$ -	\$ 49,934.27
State Revenue Sharing	30,359.00	37,346.73	67,705.73
Local Grants	-	6,845.00	6,845.00
Charges for Services:			
Property Tax Administration Fees	-	-	-
Park Fees	-	27,886.69	27,886.69
Interest	258.32	1,280.99	1,539.31
Rental Revenue	66,320.98	-	66,320.98
Miscellaneous Revenue	8,066.86	1,796.73	9,863.59
Total Revenue	154,939.43	75,156.14	230,095.57
Expenditures:			
Legislative:			
Village Council	4,637.00	-	4,637.00
General Government:			
Elections	189.16	-	189.16
Clerk	5,975.59	-	5,975.59
Treasurer	7,852.33	-	7,852.33
Village Hall and Grounds	77,181.52	2,807.48	79,989.00
Other General Services	6,449.22	-	6,449.22
Public Works:			
Highway and Streets	-	54,294.91	54,294.91
Sidewalks and Trees	6,563.00	-	6,563.00
Sanitation	5,000.00	-	5,000.00
Culture and Recreation:			
Parks	-	23,758.87	23,758.87
Capital Outlay	1,000.00	6,845.00	7,845.00
Total Expenditures	114,847.82	87,706.26	202,554.08
Excess (Deficiency) of Revenues Over Expenditures	40,091.61	(12,550.12)	27,541.49

The accompanying notes are an integral part of this statement.

Village of Bear Lake
Manistee County, Michigan

Combined Statement of Revenues, Expenditures, and Changes
In Fund Balance - All Governmental Fund Types
For the Year Ended February 29, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Other Financing Sources (Uses):			
Operating Transfers In	-	16,000.00	16,000.00
Operating Transfers Out	(14,000.00)	(2,000.00)	(16,000.00)
Total Other Financing Sources (Uses)	(14,000.00)	14,000.00	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	26,091.61	1,449.88	27,541.49
Fund Balance, March 1	35,522.87	144,190.44	179,713.31
Fund Balance, February 29	<u>\$ 61,614.48</u>	<u>\$ 145,640.32</u>	<u>\$ 207,254.80</u>

The accompanying notes are an integral part of this statement.

Village of Bear Lake
Manistee County, Michigan

**Combined Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Year Ended February 29, 2004**

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property Taxes	\$ 40,000.00	\$ 49,934.27	\$ 9,934.27
State Revenue Sharing	33,000.00	30,359.00	(2,641.00)
Local Grants	-	-	-
Charges for Services	-	-	-
Interest	2,130.00	258.32	(1,871.68)
Rental Revenue	1,700.00	66,320.98	64,620.98
Miscellaneous Revenue	1,320.00	8,066.86	6,746.86
Total Revenue	78,150.00	154,939.43	76,789.43
Expenditures:			
Legislative	6,000.00	4,637.00	(1,363.00)
General Government:			
Elections	400.00	189.16	(210.84)
Clerk	4,500.00	5,975.59	1,475.59
Treasurer	4,500.00	7,852.33	3,352.33
Building and Grounds	75,300.00	77,181.52	1,881.52
Other General Services	3,000.00	6,449.22	3,449.22
Public Works	10,000.00	11,563.00	1,563.00
Culture and Recreation:	-	-	-
Capital Outlay	-	1,000.00	(1,000.00)
Total Expenditures	103,700.00	114,847.82	9,147.82
Excess (Deficiency) of Revenues Over Expenditures	(25,550.00)	40,091.61	67,641.61
Other Financing Sources (Uses):			
Operating Transfers In	20,550.00	-	(20,550.00)
Operating Transfers Out	(8,000.00)	(14,000.00)	(6,000.00)
Total Other Financing Sources (Uses)	12,550.00	(14,000.00)	(26,550.00)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,000.00)	26,091.61	39,091.61
Fund balances, March 1	35,522.87	35,522.87	-
Fund balances, February 29	\$ 22,522.87	\$ 61,614.48	\$ 39,091.61

The accompanying notes are an integral part of this statement.

Special Revenue Funds		
Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -
28,000.00	37,346.73	9,346.73
-	6,845.00	6,845.00
25,000.00	27,886.69	2,886.69
3,350.00	1,280.99	(2,069.01)
-	-	-
6,500.00	1,796.73	(4,703.27)
62,850.00	75,156.14	12,306.14
-	-	-
-	-	-
-	-	-
-	-	-
3,550.00	2,807.48	(742.52)
-	-	-
44,435.00	54,294.91	9,859.91
28,570.00	23,758.87	(4,811.13)
3,500.00	6,845.00	3,345.00
80,055.00	87,706.26	7,651.26
(17,205.00)	(12,550.12)	4,654.88
25,000.00	16,000.00	(9,000.00)
(6,000.00)	(2,000.00)	4,000.00
19,000.00	14,000.00	(5,000.00)
1,795.00	1,449.88	(345.12)
144,190.44	144,190.44	-
\$ 145,985.44	\$ 145,640.32	\$ (345.12)

Village of Bear Lake
Manistee, Michigan

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types
For the year ended February 29, 2004

	Enterprise Fund
OPERATING REVENUES:	
Charges for Services	\$ 33,582.59
Other Revenue	8,382.69
Total operating revenues	<u>41,965.28</u>
OPERATING EXPENSES:	
Salaries and wages	4,370.00
Operating supplies	398.88
Professional services	4,918.70
Equipment Rental Expense	5,694.25
Repairs and maintenance	5,000.27
Utilities	2,847.92
Other services and support	390.60
Depreciation	6,423.00
Miscellaneous Expense	844.78
Total operating expenses	<u>30,888.40</u>
Operating income (loss)	<u>11,076.88</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	514.06
Amortization of contributed capital	4,230.00
Total non-operating revenues (expenses)	<u>4,744.06</u>
Net income (loss) before operating transfers	<u>15,820.94</u>
OPERATING TRANSFERS:	
Operating transfers in	-
Total operating transfers	<u>-</u>
Net income (loss)	15,820.94
Retained earnings, March 1	135,246.62
Retained earnings, February 29	<u><u>\$ 151,067.56</u></u>

The accompanying notes are an integral part of this statement.

Village of Bear Lake

Manistee, Michigan

Statement of Cash Flows - Proprietary Fund Types For the year ended February 29, 2004

CASH FLOWS FROM OPERATIONS:

Net operating income (loss)	\$ 11,076.88
Add (deduct) items to reconcile net operating income to net cash flows:	
Depreciation	6,423.00
Decrease (increase) in accounts receivable	(35.00)
Increase (decrease) in accounts payable and accrued liabilities	<u>368.00</u>
Net cash provided (used) from operations	<u>17,832.88</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

(Increase) decrease in fixed assets	<u>(7,215.00)</u>
Net cash provided (used) from financing activities	<u>(7,215.00)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	<u>514.06</u>
Net cash provided (used) from investing activities	<u>514.06</u>
Net increase (decrease) in cash and cash equivalents for the period	11,131.94
Cash balance, beginning of the year	<u>47,780.48</u>
Cash balance, end of the year	<u><u>\$ 58,912.42</u></u>

The accompanying notes are an integral part of this statement.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Village of Bear Lake conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

REPORTING ENTITY:

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village (the primary government) and its component unit. Component units are generally included in the financial statements of a reporting entity because of the significance of operational or financial relationships.

COMPONENT UNIT:

Excluded from the Reporting Entity:

Joint Venture

The Village, Township of Pleasanton, and Township of Bear Lake jointly operate the Bear Lake-Pleasanton Area Utilities Authority to provide public works services for the residents of these entities. For the fiscal year ended February 29, 2004, the Village paid \$5,000 to the Authority. The joint venture is not considered a part of the reporting entity of the Village. Separate financial statements of the joint venture may be obtained directly from them in Manistee, Michigan.

BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Governmental Funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Account Groups:

General Fixed Assets Account Group – This account group is used to account for the Village's fixed assets, except those accounted for in Proprietary Funds.

BASIS OF ACCOUNTING:

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

All proprietary funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

The modified accrual basis of accounting is followed for all funds except the enterprise (Water Fund), which uses the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized in the year in which they become available and measurable, and expenditures are recognized in the year in which the liability is incurred.

CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Cash on hand, demand deposits, certificates of deposit, savings accounts, and all short-term investments that are highly liquid and have an original maturity of three months or less are considered to be cash equivalents. Investments, if any, are presented at fair value.

RECEIVABLES:

Receivables have been recognized for all significant amounts due to the Village. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amounts would be immaterial.

INVENTORY:

Inventory held by the Enterprise Funds, if any, are valued at cost on the first-in, first-out basis. Inventories of expendable supplies in other funds have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been stated as an expenditure at the time of purchase. The Village currently has no inventories.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

DUE TO AND DUE FROM OTHER FUNDS:

During the course of its operations, the Village has numerous transactions between funds and the component unit to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds and the component unit had not been paid or received as of fiscal year end, balances of interfund and component unit accounts receivable or payable have been recorded.

FIXED ASSETS AND DEPRECIATION:

Fixed assets in the enterprise fund is depreciated using the straight-line method over the estimated useful lives of the assets. Additions, improvements, and major replacements are capitalized at cost. Maintenance, repairs, and minor replacements are charged to expenses as incurred.

Purchases of fixed assets for all other funds are recorded as expenditures in their respective funds at the time of purchase. A General Fixed Assets Group of Accounts, which is required by generally accepted accounting principles, has been established for the Village.

LONG-TERM DEBT:

Long-term liabilities to be funded by governmental funds are reported in the General Long-Term Deb Account Group. Long-term debt obligations to be funded by proprietary funds are recorded as a liability in the respective fund. As of February 28, 2003, the Village had no outstanding long-term debt.

ACCUMULATED UNPAID BENEFITS:

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences."

FUND EQUITY:

The unreserved undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions. Reserved fund balance for governmental funds represents that portion of fund equity which has

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

been legally segregated for specific purposes and/or does not constitute current available spending resources.

PROPERTY TAXES:

Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14.

Real property taxes not collected as of October 1 are turned over to Manistee County for collection, which advances the Village 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer. The assessed taxable value of real and personal property located in the Village at December 31, 2002 totaled \$6,531,314. The tax levy for 2002 was based on a millage rate of 10.0 for general operating expenses.

INTERFUND TRANSFERS:

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by Village management.

BUDGETS AND BUDGETARY ACCOUNTING:

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Village Council for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Village Council.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Village Council.
7. The adopted budgets are used a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budget amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Village Council during the fiscal year.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Note 2: Cash and Cash Equivalents

The Village's deposits at February 29, 2004 are included on the balance sheet under the following classifications:

	<u>Balance Sheet Classification</u>
	<u>Cash and Cash</u>
	<u>Equivalents</u>
Deposits – Bank	\$ 241,099
Total	<u>\$ 241,099</u>

DEPOSITS:

At February 29, 2004, the book value of the Village's deposits, consisting primarily of demand deposits, was \$240,706 with a corresponding bank balance of \$241,099. Village deposits are partially insured by the Federal Deposit Insurance Corporation. Of the bank's balance, approximately \$141,099 is uninsured (credit risk Category #1).

The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Village evaluates the financial institution it deposits funds with and assesses the level of risk with this institution; only institutions with an acceptable estimated risk level are used as depositories. The Village deposits are in accordance with statutory authority.

Note 3: Intefund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund</u>	<u>Interfund</u>
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 12,315	\$ -
Major Street Fund	-	8,209
Local Street Fund	4,968	7,130
Park Fund	-	1,345
Water Fund	-	599
	<u>\$ 17,283</u>	<u>\$ 17,283</u>

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Note 4: Fixed Assets

A summary of proprietary fund type property, plant, and equipment at February 29, 2004 follows:

	Water Fund	Depreciable Life-Years
Land and Improvements	\$ 392,311	10-80
Equipment	<u>6,457</u>	5-40
Total Fixed Assets	398,768	
Accumulated Depreciation	<u>(125,177)</u>	
Net Fixed Assets	<u>\$ 273,591</u>	
Depreciation expense for the year	<u>\$ 6,423</u>	

A summary of changes in general fixed assets follows:

	Balance <u>2/28/03</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>2/29/04</u>
Land	42,010	-	-	42,010
Land Improvements	107,756	-	-	107,756
Buildings	229,436	-	-	229,436
Equipment	<u>201,391</u>	<u>7,845</u>	<u>-</u>	<u>209,236</u>
Total	<u>580,593</u>	<u>7,845</u>	<u>-</u>	<u>588,438</u>

Note 5: Excessive Expenditures over Appropriations for Budgetary Funds

P.A. 621 of 1978, Section 18(1), as amended, provided that local units shall not incur expenditures in excess of the amount appropriated. The Village adopted budgets on a basis consistent with generally accepted accounting principles (GAAP) for the General and Special Revenue Funds. The approved budgets of the Village were adopted to the activity level. Budgeted amounts are as originally adopted, or amended by the Village Council.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Note 5: Excessive Expenditures over Appropriations for Budgetary Funds (continued)

During the year ended February 29, 2004, the Village incurred expenditures in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditure</u>	<u>Budget Variance</u>
General Fund:			
Clerk	4,500	5,976	1,476
Treasurer	4,500	7,852	3,352
Building and Grounds	75,300	77,182	1,882
Other General Services	3,000	6,449	3,449
Operating Transfers Out	8,000	14,000	6,000
Special Revenue Funds:			
Major Street Fund:			
Public Works	23,585	34,153	10,568
Local Street Fund:			
Public Works	20,850	26,987	6,137
Equipment Replacement Fund:			
Operating Transfers Out	-	2,000	2,000

Note 6: Defined Contribution Plan

The Village does not maintain a defined contribution plan. An amount is contributed by the Village into an Individual Retirement Account for the only full-time employee on staff. That Individual Retirement Account was established by the employee, not the Village, and covers only that individual.

Note 7: Post Employment Benefits

The Village currently does not provide post employment benefits to employees.

Village of Bear Lake
Notes to Financial Statements
February 29, 2004

Note 8: Segment Information for Enterprise Funds

	<u>Water Fund</u>	<u>Total</u>
Operating revenues	\$ 41,965	\$ 41,965
Depreciation expense	6,423	6,423
Operating income (loss)	11,077	11,077
Operating grants, entitlements, and shared revenue	-	-
Operating interfund transfers in (out)	-	-
Tax revenues	-	-
Net income (loss)	15,821	15,821
Current capital contributions	-	-
Property, plant, and equipment additions (deletions)	7,215	7,215
Net working capital	55,875	55,875
Total assets	333,453	333,453
Bonds and other long-term debt outstanding	-	-
Total equity	329,467	329,467

Note 9: Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village manages this risk through policies held with external insurance companies.

Note 10: Total – Memorandum Only

The combined financial statements of fund types and account groups present total columns for the year ended February 29, 2004, which aggregate the columnar statements by fund type and account group. These columns are presented only for comparative purposes and should not be construed as presenting consolidated financial information.

Note 11: Contingencies

Under the terms of State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, Village management does not believe such disallowances, if any, will be material to the financial position of the Village.

SUPPLEMENTAL DATA

Village of Bear Lake
Manistee County, Michigan

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES

For the Year Ended February 29, 2004

REVENUES:

Current Taxes:

Property taxes	\$ 49,934.27
Administration fees	-
	<u>49,934.27</u>

State Grants:

Liquor license fees	-
Sales tax	30,359.00
	<u>30,359.00</u>

Interest and Rent:

Interest	258.32
Rent	66,320.98
	<u>66,579.30</u>

Other Revenue:

Refunds/reimbursements	5,460.08
Other/miscellaneous	2,606.78
	<u>8,066.86</u>

Total revenues	<u>154,939.43</u>
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OTHER FINANCING SOURCES:

Transfers from other funds	-
Total other financing sources	<u>-</u>

Total revenues and other financing sources	<u>\$ 154,939.43</u>
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The accompanying notes are an integral part of this statement.

Village of Bear Lake
Manistee County, Michigan

General Fund

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES

For the Year Ended February 29, 2004

EXPENDITURES:

Legislative:

Board/Council/Legislative:

Personal services	\$ 4,065.00
Supplies	30.00
Other services and support	542.00
	<u>4,637.00</u>

General Government:

Elections:

Personal services	-
Supplies	189.16
Other services and support	-
	<u>189.16</u>

Clerk:

Personal services	4,530.00
Supplies	472.36
Other services and support	973.23
	<u>5,975.59</u>

Treasurer:

Personal services	6,875.00
Supplies	170.99
Other services and support	806.34
	<u>7,852.33</u>

Building and Grounds:

Personal services	48,357.18
Supplies	3,311.14
Other services and support	25,513.20
	<u>77,181.52</u>

Other General Services:

Other services and support	6,449.22
	<u>6,449.22</u>

The accompanying notes are an integral part of this statement.

Village of Bear Lake
Manistee County, Michigan

General Fund

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES,
continued

For the Year Ended February 29, 2004

EXPENDITURES, continued:

Public Works:

Sidewalks and Trees

Sidewalk Repairs

6,563.00

6,563.00

Sanitation/Refuse Collection:

Other services and support

5,000.00

5,000.00

Capital Outlay:

Capital Improvements

1,000.00

1,000.00

OTHER FINANCING USES:

Transfers to other funds

14,000.00

14,000.00

Total expenditures and other financing uses

\$ 128,847.82

The accompanying notes are an integral part of this statement.

Village of Bear Lake
Manistee County, Michigan

Combining Balance Sheet - All Special Revenue Funds

As of February 29, 2004

	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Park Fund</u>
Assets			
Cash and cash equivalents	\$ 42,818.56	\$ 29.89	\$ 32,459.14
Due from other funds	-	4,968.84	-
Due from other governmental entities	<u>8,395.89</u>	<u>4,786.83</u>	<u>-</u>
Total Assets	<u><u>\$ 51,214.45</u></u>	<u><u>\$ 9,785.56</u></u>	<u><u>\$ 32,459.14</u></u>
 Liabilities and Fund Balances			
Liabilities			
Due to other funds	<u>\$ 8,208.72</u>	<u>\$ 7,130.38</u>	<u>\$ 1,345.69</u>
Fund Balances:			
Unreserved:			
Undesignated	<u>43,005.73</u>	<u>2,655.18</u>	<u>31,113.45</u>
Total fund balances	<u><u>43,005.73</u></u>	<u><u>2,655.18</u></u>	<u><u>31,113.45</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 51,214.45</u></u>	<u><u>\$ 9,785.56</u></u>	<u><u>\$ 32,459.14</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Equipment Replacement Fund</u>	<u>Building Fund</u>	<u>Library Fund</u>	<u>Total</u>
\$ 4,332.01	\$ 55,195.66	\$ 9,338.29	\$ 144,173.55
-	-	-	4,968.84
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,182.72</u>
<u>\$ 4,332.01</u>	<u>\$ 55,195.66</u>	<u>\$ 9,338.29</u>	<u>\$ 162,325.11</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,684.79</u>
<u>4,332.01</u>	<u>55,195.66</u>	<u>9,338.29</u>	<u>145,640.32</u>
<u>4,332.01</u>	<u>55,195.66</u>	<u>9,338.29</u>	<u>145,640.32</u>
<u>\$ 4,332.01</u>	<u>\$ 55,195.66</u>	<u>\$ 9,338.29</u>	<u>\$ 162,325.11</u>

Village of Bear Lake
Manistee County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS**

For the Year Ended February 29, 2004

	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Park Fund</u>
Revenues:			
State revenue sharing	\$ 24,789.56	\$ 12,557.17	\$ -
Local Grants	4,845.00	-	-
Charges for services	-	-	27,886.69
Interest	328.15	65.03	291.34
Miscellaneous	-	556.19	889.54
	<u>29,962.71</u>	<u>13,178.39</u>	<u>29,067.57</u>
Total Revenues			
	<u>29,962.71</u>	<u>13,178.39</u>	<u>29,067.57</u>
Expenditures:			
General government:			
Village hall and grounds	-	-	-
Public works:			
Highways and streets	27,307.73	26,987.18	-
Culture and recreation:			
Parks	-	-	23,758.87
Capital outlay	6,845.00	-	-
	<u>34,152.73</u>	<u>26,987.18</u>	<u>23,758.87</u>
Total Expenditures			
	<u>34,152.73</u>	<u>26,987.18</u>	<u>23,758.87</u>
Excess (deficiency) of revenues over expenditures	<u>(4,190.02)</u>	<u>(13,808.79)</u>	<u>5,308.70</u>
Other financing sources (uses):			
Operating transfers in	2,000.00	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>2,000.00</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(2,190.02)</u>	<u>(13,808.79)</u>	<u>5,308.70</u>
Fund balances, beginning of the year	<u>45,195.75</u>	<u>16,463.97</u>	<u>25,804.75</u>
Fund balances, end of the year	<u><u>\$ 43,005.73</u></u>	<u><u>\$ 2,655.18</u></u>	<u><u>\$ 31,113.45</u></u>

The accompanying notes are an integral part of these financial statements.

Equipment Replacement Fund	Building Fund	Library Fund	Total
\$ -	\$ -	\$ -	\$ 37,346.73
2,000.00	-	-	6,845.00
-	-	-	27,886.69
31.00	467.60	97.87	1,280.99
-	-	351.00	1,796.73
<u>2,031.00</u>	<u>467.60</u>	<u>448.87</u>	<u>75,156.14</u>
43.75	43.75	2,719.98	2,807.48
-	-	-	54,294.91
-	-	-	23,758.87
-	-	-	6,845.00
<u>43.75</u>	<u>43.75</u>	<u>2,719.98</u>	<u>87,706.26</u>
<u>1,987.25</u>	<u>423.85</u>	<u>(2,271.11)</u>	<u>(12,550.12)</u>
2,000.00	12,000.00	-	16,000.00
(2,000.00)	-	-	(2,000.00)
-	12,000.00	-	14,000.00
1,987.25	12,423.85	(2,271.11)	1,449.88
<u>2,344.76</u>	<u>42,771.81</u>	<u>11,609.40</u>	<u>144,190.44</u>
<u>\$ 4,332.01</u>	<u>\$ 55,195.66</u>	<u>\$ 9,338.29</u>	<u>\$ 145,640.32</u>

Village of Bear Lake
Manistee County, Michigan

Major Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue:			
State Shared Revenue	\$ 18,000.00	\$ 24,789.56	\$ 6,789.56
Local Grants	-	4,845.00	4,845.00
Interest Revenue	500.00	328.15	(171.85)
	<u>18,500.00</u>	<u>29,962.71</u>	<u>11,462.71</u>
Total Revenue			
Expenditures:			
Public Works:			
Highways and Streets:			
Wages	2,000.00	3,567.67	1,567.67
Employee Fringes	360.00	1,326.33	966.33
Administration	225.00	100.00	(125.00)
Repairs and Maintenance	13,000.00	4,123.82	(8,876.18)
Rentals	8,000.00	18,189.91	10,189.91
Capital Outlay	-	6,845.00	6,845.00
	<u>23,585.00</u>	<u>34,152.73</u>	<u>10,567.73</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	(5,085.00)	(4,190.02)	894.98
Other financing sources:			
Operating transfers in	-	2,000.00	2,000.00
Operating transfers out	(6,000.00)	-	6,000.00
	<u>(6,000.00)</u>	<u>2,000.00</u>	<u>8,000.00</u>
Total other financing sources			
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(11,085.00)	(2,190.02)	8,894.98
Fund Balance, March 1	<u>45,195.75</u>	<u>45,195.75</u>	<u>-</u>
Fund Balance, February 29	<u>\$ 34,110.75</u>	<u>\$ 43,005.73</u>	<u>\$ 8,894.98</u>

The accompanying notes are an integral part of these financial statements.

Village of Bear Lake
Manistee County, Michigan

Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue:			
State Shared Revenue	\$ 10,000.00	\$ 12,557.17	\$ 2,557.17
Interest Revenue	150.00	65.03	(84.97)
Other Revenue	<u>-</u>	<u>556.19</u>	<u>556.19</u>
Total Revenue	<u>10,150.00</u>	<u>13,178.39</u>	<u>3,028.39</u>
Expenditures:			
Public Works:			
Highways and Streets:			
Wages	2,500.00	4,208.00	1,708.00
Employee Fringes	150.00	1,615.00	1,465.00
Administration	200.00	108.00	(92.00)
Repairs and Maintenance	9,000.00	546.00	(8,454.00)
Rentals	<u>9,000.00</u>	<u>20,510.18</u>	<u>11,510.18</u>
Total Expenditures	<u>20,850.00</u>	<u>26,987.18</u>	<u>6,137.18</u>
Excess (deficiency) of revenues over expenditures	(10,700.00)	(13,808.79)	(3,108.79)
Other financing sources (uses):			
Operating transfers in	<u>11,000.00</u>	<u>-</u>	<u>(11,000.00)</u>
Total other financing sources (uses)	<u>11,000.00</u>	<u>-</u>	<u>(11,000.00)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	300.00	(13,808.79)	(14,108.79)
Fund Balance, March 1	<u>16,463.97</u>	<u>16,463.97</u>	<u>-</u>
Fund Balance, February 29	<u>\$ 5,763.97</u>	<u>\$ 2,655.18</u>	<u>\$ (3,108.79)</u>

The accompanying notes are an integral part of these financial statements.

Village of Bear Lake
Manistee County, Michigan

Park Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue:			
Charges for Services:			
Park fees	\$ 25,000.00	\$ 27,886.69	\$ 2,886.69
Interest Revenue	1,500.00	291.34	(1,208.66)
Other Revenue	2,300.00	889.54	(1,410.46)
	<u>28,800.00</u>	<u>29,067.57</u>	<u>267.57</u>
Total Revenue	<u>28,800.00</u>	<u>29,067.57</u>	<u>267.57</u>
Expenditures:			
Culture and Recreation:			
Parks:			
Wages	5,500.00	4,998.41	(501.59)
Supplies	1,050.00	2,904.71	1,854.71
Professional Services	1,350.00	1,460.00	110.00
Garbage Collection	1,000.00	945.69	(54.31)
Printing and Publishing	600.00	607.74	7.74
Utilities	4,000.00	3,223.38	(776.62)
Repairs and Maintenance	1,000.00	633.44	(366.56)
Equipment Rental	7,000.00	8,695.50	1,695.50
Miscellaneous Expense	550.00	290.00	(260.00)
Park Improvements	1,000.00	-	(1,000.00)
Capital Outlay	3,000.00	-	(3,000.00)
	<u>26,050.00</u>	<u>23,758.87</u>	<u>(2,291.13)</u>
Total Expenditures	<u>26,050.00</u>	<u>23,758.87</u>	<u>(2,291.13)</u>
Excess of revenues over expenditures	2,750.00	5,308.70	2,558.70
Fund Balance, March 1	<u>25,804.75</u>	<u>25,804.75</u>	<u>-</u>
Fund Balance, February 29	<u><u>\$ 28,554.75</u></u>	<u><u>\$ 31,113.45</u></u>	<u><u>\$ 2,558.70</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Bear Lake
Manistee County, Michigan

Equipment Replacement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue:			
Local Grants	\$ 1,500.00	\$ 2,000.00	\$ 500.00
Interest Revenue	200.00	31.00	(169.00)
Total Revenue	<u>1,700.00</u>	<u>2,031.00</u>	<u>331.00</u>
Expenditures:			
General Government:			
Village Hall and Grounds:			
Professional Services	25.00	25.00	-
Printing and Publishing	-	18.75	
Capital Outlay	3,000.00	-	(3,000.00)
Total Expenditures	<u>3,025.00</u>	<u>43.75</u>	<u>(3,000.00)</u>
Excess of revenues over expenditures	<u>(1,325.00)</u>	<u>1,987.25</u>	<u>3,331.00</u>
Other financing sources (uses):			
Operating transfers in	2,000.00	2,000.00	-
Operating transfers out	-	(2,000.00)	(2,000.00)
Total other financing sources (uses)	<u>2,000.00</u>	<u>-</u>	<u>(2,000.00)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	675.00	1,987.25	1,331.00
Fund Balance, March 1	<u>2,344.76</u>	<u>2,344.76</u>	<u>-</u>
Fund Balance, February 29	<u><u>\$ 3,019.76</u></u>	<u><u>\$ 4,332.01</u></u>	<u><u>\$ 1,331.00</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Bear Lake
Manistee County, Michigan

Building Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue:			
Interest Revenue	\$ 500.00	\$ 467.60	\$ (32.40)
Total Revenue	<u>500.00</u>	<u>467.60</u>	<u>(32.40)</u>
Expenditures:			
General Government:			
Village Hall and Grounds:			
Professional Services	25.00	25.00	-
Printing and Publishing	-	18.75	18.75
Repairs and Maintenance	100.00	-	(100.00)
Miscellaneous Expenses	<u>400.00</u>	<u>-</u>	<u>(400.00)</u>
Total Expenditures	<u>525.00</u>	<u>43.75</u>	<u>(481.25)</u>
Excess of revenues over expenditures	<u>(25.00)</u>	<u>423.85</u>	<u>448.85</u>
Other financing sources:			
Operating transfers in	<u>12,000.00</u>	<u>12,000.00</u>	<u>-</u>
Total other financing sources	<u>12,000.00</u>	<u>12,000.00</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	11,975.00	12,423.85	448.85
Fund Balance, March 1	<u>42,771.81</u>	<u>42,771.81</u>	<u>-</u>
Fund Balance, February 29	<u><u>\$ 54,746.81</u></u>	<u><u>\$ 55,195.66</u></u>	<u><u>\$ 448.85</u></u>

The accompanying notes are an integral part of these financial statements.

Dale L. Stanton
Certified Public Accountant

June 11, 2004

The Village Council
Village of Bear Lake
Bear Lake, MI

Dear Council Members:

In planning and performing my audit of the financial statements of the Village of Bear Lake as of and for the year ended February 29, 2004, I considered its internal control to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal controls. My consideration of internal controls would not necessarily disclose all matters in the internal control process that might be material weakness under standards established by the American Institute of Certified Public Accountants. *Reportable conditions* involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A *material weakness* is a condition in which the design or operation of one or more of the specific internal control elements does not reduce to relatively low level of risk that misstatements caused by errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The following comments and recommendations are submitted to assist in improving procedures and controls. I would be pleased to discuss these suggestions or to respond to any questions at your convenience.

Bank Reconciliations

There were certain entries made to the Village's prior year audit related to the Cash balances in various funds. Most of these reconciling items appear to have been related to normal bank reconciling items for the various accounts. It did not appear as though the Village reconciled its accounts on a timely basis for the year that I examined. The Village needs to ensure that all fund accounts are reconciled on a timely basis (monthly), and that the reconciliations are reviewed by at least one responsible party.

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Interim Financial Reporting

As described in the *Uniform Accounting Procedures Manual* for Counties and Local Units of Government in Michigan, legislative bodies must be provided periodic financial reports. The required periodic reports and suggested frequency should include the following:

- Summary report of cash activity by fund (monthly)
- Summary report of cash activity by bank account, certificate of deposit and investment account (monthly)
- Balance sheet by fund (monthly)
- Detail revenue by fund – budget to actual (monthly)
- Detail expenditures by fund – budget to actual (monthly)
- List of bills to be approved for payment (each meeting)
- Separate list of bills paid prior to approval pursuant to a council approved policy (each meeting)

My inquires indicated that all of these reports are not routinely presented to the Council for review. I therefore recommend that the above reports be prepared to assist the Council with its oversight responsibility. State law requires a budget for general and special revenue funds. Expenditures within these funds cannot exceed the budget.

Equipment Rental Rates

It was noted that the Village did not utilize the equipment rental rates presented in the Michigan Department of Transportation Equipment Rental Rates (Schedule C). Act 51 requires internal service – equipment rental charges, be based on the State's Schedule C rates. It is recommended that the Village submit their rental rates to the State for approval prior to incurring any charges with the Major or Local Street Funds.

Payroll Taxes

While the Village did apparently file the required Federal and State payroll tax forms, there was a problem in calculating the amount that needed to be remitted to the appropriate authority. The Village did discover this on its own, and amended forms were filed to obtain a refund of taxes overpaid. I recommend that the Council appoint one member to review the payroll for the Village to ensure that the correct amounts are withheld and remitted in a timely manner to the appropriate authorities.

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Act 51 Revenue Transfer

Act 51 rules require that a maximum of 25% can be transferred from the Local Street Fund to the Major Street Fund. During the course of the year, the Local Street Fund accidentally paid equipment rental charges that were incurred by the Major Street Fund. I recommend that the Major Street Fund immediately reimburse the Local Street Fund for any expenditures accidentally paid, and that the Council closely monitor the expenditures in these funds to ensure that expenses are classified properly.

This report is intended solely for the information and use of the Village Council, management, and the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

I would like to thank the Village staff for their assistance during the course of my audit. Again, if the Council would like to discuss any matters discussed in this letter, or would like assistance implementing any of my suggestions, please do not hesitate to contact me.

Regards,



Dale L. Stanton
Certified Public Accountant